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February 5, 2025

Legislative Position: Unfavorable
Senate Bill 426
Procurement Reform Act of 2025
Senate Budget & Taxation Committee

Dear Chairman Guzzone and members of the committee:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

We are writing to express our serious concern on SB 426, the Procurement Reform Act of 2025. As merit-based contractors and subcontractors who primarily work on public work projects, we believe this bill will have a negative impact on our industry and our ability to fairly compete for business in Maryland.

First, the bill's strong emphasis on contracting with businesses of certain classifications (Section 14502, 14602, and 146021) will limit opportunities for contractors who do not fall within those categories. We believe the state should strike a fair balance in contracting with small and minority owned businesses while also awarding contracts based on merit. SB 426 proposes to tilt the balance of favor in one direction over another.

Furthermore, the bill's introduction of pay-for-success as a contracting option (Section 131121) raises concerns about the potential for favoritism and lack of transparency in the procurement process. This approach may lead to contracts being awarded to companies that are not necessarily the best qualified or most cost-effective, but rather those that are able to promise the most desirable outcomes.

Additionally, the requirement for contractors to submit a workforce diversity plan and supplier diversity plan before being awarded a contract (Section 13229) is an unnecessary burden that will add costs

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and complexity to the procurement process. We believe that contractors should be judged on their ability to deliver quality work, not on their ability to diversify their supply chain.

We are also concerned about the provision that allows for increasing the Minority Business Enterprise (MBE) goal at any time (Section 14302). This lack of predictability and stability will make it difficult for contractors to plan and bid on projects, and may lead to delays and cost overruns.

Finally, the requirement for contractors to use apprentices on certain projects (Section 14801-14805) is an unnecessary mandate that will add costs and complexity to the procurement process. Like many construction and trade based industries, we support apprenticeships and workforce development initiatives to create and grow the next generation of industry leaders. But we believe that contractors should be free to decide how to staff their projects, rather than being forced to hire individuals with specific credentials over others.

If passed, B 426 will lead to unfair and unnecessary burdens on merit-based contractors and will ultimately harm the state's ability to deliver quality work on state contracts. For these reasons, we urge the committee to issue an **unfavorable report on SB 426**.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)